

TAB 14

3.2.15 Estimation Motion

Under the Plan, Grace is requesting that the Bankruptcy Court determine the aggregate dollar amount, on a net present value basis, that must be funded (the "Funding Amount") into the Asbestos Trust to pay all Allowed pending and future Asbestos PI Claims, Asbestos PD Claims and Asbestos Trust Expenses on the later of the Effective Date or when Allowed. To that effect, on November 13, 2004, the Debtors filed the Estimation Motion.

The Estimation Motion requests that the Bankruptcy Court implement a process for determining the Funding Amount, which will be primarily a function of the number of Allowed Asbestos Claims and the amount payable per Asbestos Claim. Using this process, which involves the use of detailed claim forms, questionnaires and expert testimony, the Debtors will seek to demonstrate that the vast majority of Asbestos Claims should not be Allowed because they fail to establish any material property damage, health impairment or significant occupational exposure to asbestos from Grace's operations or products. The Debtors also will seek Bankruptcy Court approval of the Debtors' proposed payouts for Allowed Asbestos PI Claims, which will vary depending upon the type of claim and/or a claimant's medical condition. Conversely, the Asbestos PI Committee, the Asbestos PD Committee and the FCR have objected to the Debtors' proposed estimation process and continue to assert that the Debtors' asbestos-related liabilities are substantially higher than \$1,613 million, and are in excess of Grace's business value. Grace is willing to proceed with confirmation of the Plan with a Funding Amount of up to \$1,613 million (assuming that other conditions precedent to confirmation of the Plan are satisfied, including the availability of funds from Sealed Air under the Sealed Air Settlement Agreement).

4.7.6 Occurrence of the Confirmation Date

Section 7.6 of the Plan sets forth conditions precedent to confirmation of the Plan. The Court must make all of the findings of fact and/or conclusions of law listed in Section 7.6.1 before confirmation of the Plan. Among other things, these findings of fact and/or conclusions of law relate to: (1) the Court having found that the aggregate of the Asbestos PI-SE Class Fund, the Asbestos PD Class Fund, and the Asbestos Trust Expenses Fund is not greater than one billion, four hundred eighty three million dollars (\$1,483,000,000), (2) the Court having found the Asbestos PI-AO Class Fund is not greater than one hundred thirty million dollars (\$130,000,000), (3) compliance with all applicable subsections of Bankruptcy Code § 524(g), (4) effectiveness of the Sealed Air Settlement Agreement and the Fresenius Settlement Agreement, (5) a finding that the Reorganized Debtors have the ability to pay and satisfy in the ordinary course of business all of their respective obligations and liabilities as required by the Plan, the Sealed Air Settlement Agreement and the Fresenius Settlement Agreement, (6) the unimpaired status of the classes of Asbestos Claims, (67) the effectiveness of the various injunctions provided for in the Plan, (78) insurance matters, and (89) the lack of preclusive effect of certain asbestos-related litigation.

Section 7.6.2 of the Plan requires certain orders - including the Confirmation Order, the CMO and an order approving the Sealed Air Settlement Agreement - all in form and substance acceptable to the Debtors be entered prior to or in conjunction with Plan confirmation. The Confirmation Order and the Sealed Air Settlement Agreement shall also be in a form and substance acceptable to the other Plan Proponents. In addition, the Court shall have entered the Estimation Order in form and substance acceptable to the Debtors Plan Proponents, including the following findings:

- the Asbestos PI-SE Class Fund shall constitute the maximum amount that shall be required to be paid in order to pay in full all Allowed Asbestos PI-SE Claims;
- the Asbestos PD Class Fund shall constitute the maximum amount that shall be required to be paid in order to pay in full all Allowed Asbestos PD Claims; and
- the Asbestos Trust Expenses Fund shall constitute the maximum amount that shall be required to be paid in order to pay in full all expenses of the Asbestos Trust.

Assuming that other conditions precedent under the Plan are fulfilled, the Debtors would be willing to have the Plan confirmed if the Court finds that the aggregate of the Asbestos PI-SE Class Fund, the Asbestos PD Class Fund, and the Asbestos Trust Expenses Fund is not greater than \$1,483,000,000, and that the Asbestos PI-AO Class Fund is not greater than \$130,000,000. However, such amounts do not represent the Debtors' estimate of their asbestos-related liabilities. In fact, through the use of the estimation process provided for under the Estimation Motion, the Debtors believe their actual asbestos-related liabilities may be significantly lower.